

**DECISION**



**THE COMPTROLLER GENERAL  
OF THE UNITED STATES**  
WASHINGTON, D. C. 20543

7586

**FILE:** B-189824

**DATE:** September 7, 1978

**MATTER OF:** Christy G. Brost - Real Estate Expenses - Time Limitation

**DIGEST:** Employee, after transfer to new duty station on September 4, 1973, was authorized 1-year extension within which to sell his residence. He sold residence at old duty station through transaction known as "contract for deed" on August 26, 1975. He incurred additional expenses on October 21, 1978, when purchaser paid balance due on contract. Since equitable title to property passed to buyer upon execution of contract for deed on August 26, that date is "settlement date" for purpose of 2-year time limitation on sale. Employee may also be reimbursed for authorized real estate expenses incurred subsequent to date contract was executed if expenses are reasonably foreseeable as to amount when contract was executed and if payments are made within maximum 2-year time limit for settling real estate transaction under FTR para. 2-6.1e. Additional expenses here were incurred more than 2 years after transfer and may not be reimbursed.

This decision responds to a request from Judith R. Harris, an authorized certifying officer of the United States Department of the Interior. The request concerns the claim of Mr. Christy G. Brost, an employee of the Bureau of Reclamation, for real estate expenses incurred pursuant to a change of official duty station. The issue is whether he may be reimbursed for certain expenses incurred more than 2 years after the effective date of his transfer.

Mr. Brost was transferred from Grand Junction, Colorado, to Denver, Colorado, and he reported for duty at Denver on September 4, 1973. He was granted a 1-year extension for completing the sale of his former residence in accordance with the Federal Travel Regulations (FTR) (FPMR 101-7) paragraph 2-6.1e (May 1973). Mr. Brost therefore had 2 years from the date he reported for duty at Denver to complete the residence transactions for which he would be entitled to claim reimbursement.

The certifying officer states that Mr. Brost submitted a claim for reimbursement of the expenses of selling his former residence.

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The claim covered a broker's fee of \$2,340, an escrow charge of \$15, and a charge of \$37,50 for preparing contract, deed, and escrow instruments, making a total claim of \$2,392,50. To support his claim, Mr. Brost submitted a closing statement showing a timely settlement date of August 26, 1975. His claim was sent to the office of his old official station, and the total expenses were approved as being reasonable in amount and customarily paid by the seller in that locality. On the basis of these facts, payment of Mr. Brost's original claim was made in full.

The following terms were provided by the settlement of August 26, 1975, as evidenced by the purchase and sale agreement:

1. Total purchase price - \$39,000.
2. The buyers had paid \$500 as earnest money in the form of a promissory note dated August 22, 1975.
3. The buyers made a cash down payment of \$10,500.
4. The sellers, Mr. and Mrs. Brost, carried a note for the remaining \$28,000, which the buyers were to refinance by December 1, 1975.
5. A warranty deed was prepared and signed by the sellers and was placed in escrow with instructions that it was not to be released to the buyers until the \$28,000 note was paid.

On October 21, 1975, the buyers, having secured their own financing, paid off the \$28,000 note to Mr. Brost. Mr. Brost incurred additional expenses when on October 21, 1975, the buyers settled with the finance company for their loan: namely, title examination - \$92.50; tax certificate - \$5; and recording fees - \$5. The issue presented in this case is whether Mr. Brost can be reimbursed for his additional expenses, totaling \$102.50, considering the fact that the settlement date on the buyer's loan was after the expiration of the 2-year limitation for real estate transactions.

The authority for reimbursement of real estate expenses incurred by an employee pursuant to a transfer of official duty station is contained in 5 U.S.C. § 5724a (1970) and the implementing regulations are in the FTRs. Paragraph 2-6.1c of the FTR imposes a time

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limitation on the reimbursement of an employee's expenses incurred in the selling of a residence as follows:

"e. Time limitation. The settlement dates for the sale and purchase or lease termination transactions for which reimbursement is requested are not later than 1 (initial) year after the date on which the employee reported for duty at the new official station. Upon an employee's written request this time limit for completion of the sale and purchase or lease termination transaction may be extended by the head of the agency or his designee for an additional period of time, not to exceed 1 year, regardless of the reasons therefor so long as it is determined that the particular residence transaction is reasonably related to the transfer of official station."

Our office has held that under the implementing regulations, an employee may be reimbursed for real estate expenses incurred in a transaction, such as that in the present case, which is known as a "contract for deed." Larry J. Light, B-188300, August 29, 1977; 46 Comp. Gen. 677; B-165146, September 16, 1968. Although legal title to the property was retained by the seller, the effect of the contract was to transfer equitable ownership of the property to the buyer. For the purposes of meeting the "settlement date" time limitation contained in FTR para. 2-6.1e, the "settlement date" involved in this transaction was the date the contract was executed, August 26, 1975, and not the date of the buyer's loan settlement. Larry J. Light, supra.

Once the employee has become eligible for reimbursement of real estate expenses by entering into a real estate transaction with a settlement date within the time limitation contained in FTR para. 2-6.1e, there is no definite time limitation in the FTR on the payment of such expenses. In Larry J. Light, supra, we held that an employee who is obligated to pay additional real estate expenses in a transaction, such as that in this case, may be reimbursed for such expenses if they are actually paid by him within a reasonable period of time after the contract was executed if such expenses were reasonably ascertainable as to amount at the time the contract was executed. We have amplified that decision in Larry W. Day, B-190547, dated today, which holds that the additional payments must be made within the maximum time limitation for settling real

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estate sales or purchases which is 2 years. In the present case the additional payments made by Mr. Brost were made more than 2 years after his transfer. Therefore, he may not be reimbursed the additional expenses.

Accordingly, the voucher may not be certified for payment.

*Ry K. 11/14/42*  
Deputy Comptroller General  
of the United States